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C O N F I D E N T I A L LUSAKA 000686

SIPDIS

PASS MILLENNIUM CHALLENGE CORPORATION

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TAGS: [KCOR](#) [EFIN](#) [PGOV](#) [IBRD](#) [ZA](#)  
SUBJECT: BANDA WAVES AWAY WORLD BANK CORRUPTION WARNING

REF: LUSAKA 684 AND PREVIOUS

Classified By: Charge d'Affaires Michael Koplovsky for Reasons 1.4 (b) and (d)

¶1. (C) Zambian President Rupiah Banda told a World Bank Vice President he could not undertake a robust anti-corruption stance because he "has multiple constituencies to satisfy." During a late September meeting on the margins of UNGA in New York, IBRD Africa Vice President told the Zambian leader, his Trade Minister Felix Mutate and State House Economic Advisor Richard Chembe that Banda needs to deal with the perception that he is soft on corruption. Banda reportedly insisted he was committed to working to fight corruption, but he is being "pulled in different directions." Banda also said it would be easier for him to tackle Zambia's corruption problems and the associated perceptions when and if he is reelected to a full five year term in 2011. Banda insisted that he did not fire Task Force leader Mark Nkole; he simply decided not to renew his contract. When pressed for the reasons why, Banda responded that he "needed people who are loyal" to him. Banda said he appreciated the private engagement he had with the donors' troika (currently the Netherlands, World Bank, and United States) heads of mission and wishes to keep that channel open.

¶2. (C) The World Bank Resident Representative in Lusaka Kapil Kapoor recounted the New York conversation during a well-attended donors meeting in Lusaka on October 1 (despite recent leaks of sensitive information, ostensibly from somebody within that group). Kapoor noted that Banda -- usually ultra-sensitive to criticism in the media -- did not raise recent leaks to the Zambian press. Kapoor speculated on the political pressures to which Banda alluded and concluded that Banda's new "friendship" with the recently acquitted former President Chiluba is because Chiluba has incriminating information on Banda, has funding for Banda's reelection campaign, can deliver the remote swing Luapula province in the 2011 elections, or a combination of the three.

KOPOLOVSKY